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T.R.A. DOCKET ROOM

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FILE NO 21043 000522

March 8, 2005

### **VIA OVERNIGHT MAIL**

Ms. Sharla Dillon Dockets and Records Manager Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37243-0505

Re: In the Matter of the Petition of Project Holdings Corp. and NA Communications, Inc., to Complete a Transfer of Control of an Authorized Carrier Docket No. 05-00052

Dear Ms. Dillon:

Enclosed please find an original and thirteen (13) copies of the Responses of NA

Communications to the Staff of the Tennessee Regulatory Authority's Data Request No. 1, dated February 28, 2005.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

Richard D. Gary 2

# HUNTON& WILLIAMS

Ms. Sharla Dıllon March 8, 2005 Page 2

cc: Mr. David McClanahan

Mary McDermott, Esq. Mr. David R. Maccarelli D. Zachary Grabill, Esq.

## DATA REQUEST NO. 1

1. Provide the most current audited financial statements for NTELOS and projected balance sheet of NTELOS at the consummation of the transfer of control and after issuance of debt.

## **Response:**

The most recent audited financial statements of NTELOS are complete through December 31, 2003. A copy of those financial statements is attached. The audit for 2004 is ongoing. Enclosed, please find the unaudited pro forma condensed consolidated balance sheet for NTELOS reflecting the issuance of the debt and the change of control as if the transactions had occurred on December 31, 2004.

NTELOS and its auditors are still considering whether the application of purchase accounting procedures is appropriate. If purchase accounting procedures are not applied, the actual allocation of the adjustments shown on the pro forma balance sheet will be different and the difference may be material.

# Consolidated Balance Sheets NTELOS Inc. and Subsidiaries

(In thousands)	Reorganized Company December 31, 2003		Predecessor Company ecember 31, 2002
Assets			
Current Assets			
Cash and cash equivalents	\$ 48,722	\$	12,216
Accounts receivable, net of allowance of \$21,573 (\$23,170 in 2002)	33,802		33,748
Inventories and supplies	9,600		2,588
Other receivables and deposits	3,183		3,058
Prepaid expenses and other	4,654		3,557
	99,961		55,167
Securities and Investments			
Securities and investments	338		867
Restricted investment	7,829		7,829
	8,167		8,696
Property, Plant and Equipment			
Land and buildings	32,414		51,026
Network plant and equipment	300,712		437,938
Furniture, fixtures, and other equipment	28,622		65,366
Total in service	361,748		554,330
Under construction	16,487	·	15,722
	378,235		570,052
Less accumulated depreciation	17,537		135,597
	360,698		434,455
Other Assets			
Goodwill	20,506		86,016
Franchise rights	32,000		-
Other intangibles, less accumulated amortization of \$1,494 (\$1,379 in 2002)	75,007		1,879
Radio spectrum licenses in service	21,960		107,234
Other radio spectrum licenses, net	2,500		2,572
Radio spectrum licenses not in service	15,040		7,155
Deferred charges	1,936		18,563
Deferred income taxes	<u> </u>		7,784
ı	168,949		231,203
	\$ 637,775	\$	729,521

See Notes to Consolidated Financial Statements.

# Consolidated Balance Sheets NTELOS Inc. and Subsidiaries

(In thousands)		rganized mpany mber 31, 2003	C	Predecessor Company December 31, 2002	
Liabilities and Shareholders' Equity (Deficit)					
Current Liabilities					
Current portion of long-term debt	\$	17,670	\$	_	
Long-term debt in default and scheduled maturities		, -		623,762	
Deferred liabilities – interest rate swap		8,452		20,012	
Accounts payable		29,471		22,350	
Advance billings and customer deposits		12,333		13,013	
Accrued payroll		7,541		6,160	
Accrued interest		2,931		19,131	
Deferred revenue		3,428		4,455	
Income tax payable		56		50	
Other accrued liabilities		6,406		5,177	
		88,288		714,110	
T		00,200		714,110	
Long-term Liabilities Long-term debt		217 (01		10.000	
Convertible notes		217,601		18,960	
		74,273		-	
Other long-term liabilities		20.025		05.540	
Retirement benefits		29,925		25,542	
Deferred liabilities – interest rate swap		5,392		-	
Long-term deferred liabilities		16,191	<u> </u>	26,899	
		343,382		71,401	
Minority Interests		558		523	
Predecessor Redeemable Convertible Preferred Stock				286,164	
Commitments and Contingencies (Note 14)					
Shareholders' Equity (Deficit)					
Preferred stock, no par value per share, authorized 1,000 shares; none issued		-		-	
Predecessor common stock, no par value per share, authorized 75,000 shares; 17,780 shares issued and outstanding in 2002		_		182,380	
Reorganized common stock, no par value per share, authorized 25,000 shares;		-		102,500	
10,000 shares issued and outstanding in 2003		197,727		_	
Predecessor stock warrants		2719121		22,874	
Reorganized stock warrants		3,150		22,014	
Retained earnings (accumulated deficit)		4,670		(532,565)	
Accumulated other comprehensive loss		<b>4,</b> 070		(15,366)	
		205,547		(342,677)	
	\$	627 775	¢	720 521	
	Ψ	637,775	\$	729,521	

See Notes to Consolidated Financial Statements.

# Consolidated Statements of Operations NTELOS Inc. and Subsidiaries

	Se	eorganized Company ptember 10, 2003 through		Predecessonuary 1, 2003 through	,	Year Ended
(In thousands)	Dece	mber 31, 2003	Sep	tember 9, 2003	Dec	ember 31, 2002
O. the December		l				` <b>i</b>
Operating Revenues Wireless communications	\$	64,348	\$	127,272	\$	156,860
Wireless communications  Wireline communications	Φ	31,748	۳	70,059	Ψ	96,916
Other communications services		989		3,875		8,951
Other continumeations services		97,085		201,206		262,727
· · · · · · · · · · · · · · · · · · ·		77,005		201,200		202,727
Operating Expenses Cost of wireless sales (exclusive of items shown separately						
below)		15,113	1	31,836		48,868
Maintenance and support		18,423		41,996		64,408
Depreciation and amortization		18,860	1	51,224		82,924
Asset impairment charge		-		545		402,880
Accretion of asset retirement obligation		225	1	437		- 102,000
Customer operations		25,917	1	52,431		66,007
Corporate operations		7,869	l	17,429		17,914
Restructuring charges		•	1	2,427		4,285
Acousting ones go		86,407		198,325		687,286
Operating Income (Loss)		10,678	1	2,881		(424,559)
Other Income (Expense)			1			
(Loss) gain on sale of assets		(429)	1	-		8,472
Interest expense		(6,427)		(26,010)		(78,351)
Other income (expense)		1,197	1	(436)		(1,454)
Reorganization items, net		(145)	<b> </b>	169,036		-
		4,874		145,471		(495,892)
Income Tax Expense (Benefit)		258		706		(6,464)
		4,616		144,765		(489,428)
Minority Interests in Losses of Subsidiaries		54	. _	15		481
Net Income (Loss) before Cumulative Effect of						
Accounting Change		4,670		144,780		(488,947)
Cumulative effect of accounting change		<del>4,070</del>	1	(2,754)		(400,547)
Net Income (Loss)		4,670	·	142,026		(488,947)
Dividend requirements on predecessor preferred stock		7,070		3,757		20,417
Reorganization items – predecessor preferred stock		-		286,772		20,417
Income (Loss) Applicable to Common Shares	\$	4,670	\$	425,041	\$	(509,364)

See Notes to Consolidated Financial Statements.

# Consolidated Statements of Cash Flows NTELOS Inc. and Subsidiaries

	Reorgani	zed Company	Pred	ecessor (	Company
	September 10, 2003				Twelve Months
(In the survey L.)		rough	through		Ended
(In thousands)	Decem	ber 31, 2003	September 9, 2	2003	December 31, 2002
Cash flows from operating activities					2 20011001 51, 2002
Net income (loss)	\$	4,670	\$ 140.004	_	
Cumulative effect of an accounting change	Ψ	4,070	\$ 142,026		(488,947)
Income (loss) before cumulative effect of an accounting change		4.650	2,754		-
Professional fees expensed in connection with Chapter 11		4,670	144,780		(488,947)
Adjustments to reconcile net income		(145)	8,057		-
to net cash provided by operating activities					
Gain on disposition of assets and investments					
Non cash restructuring charges and reorganization items		•	-		(8,472)
Accrued pre-petition interest expense related to cancelled notes		-	(177,093	)	1,101
Depreciation and amortization		•	10,322		_
Asset impairment charge		18,860	51,224		82,924
		-	545		402,880
Accretion		225	437		402,000
Retirement benefits and other		(1,849)	52		(5,757)
Interest expense payable from restricted cash		•	] -		
Accretion of loan discount and origination fees		29	849		25,781
Changes in assets and liabilities from operations, net of effects of		<del></del> -	1 047		4,601
acquisitions and dispositions.					
(Increase) decrease in accounts receivable, net		(3,912)	4 145		
(Increase) decrease in inventories and supplies		(6,520)	4,145		(3,497)
(Increase) decrease in other current assets			(492		6,941
Changes in income taxes		(162)	(639		1,942
Increase (decrease) in accounts payable		104	(98		1,983
(Decrease) increase in other current liabilities		14,321	8,033		(17,922)
Net cash provided by operating activities before reorganization		(2,280)	4,698		18,457
items					
		23,341	54,820		22,015
Operating cash flows from reorganization items					
Payment of Itabilities subject to compromise		(11,523)			
Professional fees paid for services rendered in connection with	,	(11,523)	•		-
the Chapter 11 proceeding		(2.101)			
Net cash used in reorganization items		(2,181)	(4,946		
		(13,704)	(4,946	)	
Net cash provided by operating activities		9,637	49,874		22.015
Cash flows from investing activities			42,074		22,015
Purchases of property and equipment			i		
Proceeds from sale of property plant and antique to	(	(24,334)	(34,186	)	(73,164)
Proceeds from sale of property, plant and equipment and investments Other		7,859	6,955		31,116
Julici			-		(355)
Net cash used in investing activities		16 475)			
Cash flows from financing activities	<u>'</u>	16,475)	(27,231)	)	(42,403)
Proceeds from issuance of convertible notes					
Payments on senior secured term loans required from asset sale and		•	75,000		36,000
issuance of convertible notes					
Additional payments under lines of credit (net) and other debt instruments		(1,924)	(38,237)	)	_
		(9,710)	(2,462)	)	(10,976)
Other		-	(1,966)		1
let cash (used in) provided by financing activities			(1,900)	<u> </u>	287
Decrease) increase in cash and cash equivalents		11,634)	32,335		25,311
	(	18,472)	54,978		4,923
Cash and cash equivalents					4,723
Beginning		67,194	12,216		7.000
	<del></del>	- , ,	12,210		7,293
Conding	\$	48,722	\$ 67,194	•	1000
See Notes to Consolidate LE 18			Ψ 07,194	\$	12,216

# Consolidated Statements of Shareholders' Equity (Deficit) NTELOS Inc. and Subsidiaries

Retained

17.209   \$ 182,093   \$ 22,874   \$ (23.201)   \$ (3.20	Common state   Comm		(	ć				Earnings/	Accum	Accumulated Other	É	Total Shareholdere
rates for the period of exercise from bankruptcy.  10,000 \$ 197,727 \$ 3,150 \$ 5 (23.201) \$ (6.200) \$ 5 (2.201) \$ (4.221) \$ (4.221) \$ (4.221) \$ (4.221) \$ (4.221) \$ (4.221) \$ (4.221) \$ (2.20.417) \$ (2.2	rates for the period of the period of the sum or emergence from bankrupicy as the period of the the issuance of new senior notes as upon emergence from bankrupicy as the period of the the issuance of new senior notes as upon emergence from bankrupicy as the period of	(In thousands)	Shares	Amount		Warrants	_	Accumulated Deficit)	Lincor	neliciisive ne (Loss)	Т	equity (Deficit)
rates seplan  (a) (17,209 3 182,193 3 22,874 3 (23,540) 3 (32,10)  (b) (a) (a) (a) (a) (a) (a) (a) (a) (a) (a	traces  Tr.209 3 182,093 3 22,874 3 (488,947)  Trace plan  Septim  Sep	Predecessor Company		Ι'	,			10000	1	600		172 566
taxes size loss, included in net income    (4221)	taxes state   (488,947)     (421)     (431)     (431)     (431)     (431)     (431)     (331)	balance, December 31, 2001 Comprehensive loss	17,209		<del>^</del>	47,877	A	(72,201)		(a,200)	<del>9</del>	17,500
rate loss, included in net income  (3.13) (3.21) (3.21) (3.21) (3.21) (3.21) (3.21) (3.22) (3.21) (3.22) (3.23) (3.23) (3.23) (3.23) (3.23) (3.23) (3.247) (3.23) (3.23) (3.247) (3.23) (3.247	rate for the period of the per	Net loss						(488,947)				
takes sincluded in net income  (3.113) (20) (20) (211) (20) (211) (20) (211) (20) (211) (20) (211) (21	takes sinchded in net moone  (3.11)  see loss. included in net moone  (3.11)  (2.0,417)  (2.0,417)  (3.11)  (3.11)  (3.11)  (4.11)  (5.0,417)  (6.11)  (6.1	Cash flow hedge										
Country   Coun	Country   Coun	Derivative loss, net of \$2,687 of deferred taxes							_	(4,221)		
17,780   182,380   2,2,874   5 (332,565)   5 (15,366)	17,780   18,230   14,23   18,2360   14,780   14,780   18,230   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   14,780   18,230   14,780   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,780   18,230   14,240   18,230   14,240   18,240   1	Unrealized loss on securities available for sale								(321)		
terplan (2) (153) (20.417) (2.153) (2.153) (2.153) (2.153) (2.154) (2.153) (2.154) (2.	terries that the period strains below to the period of the strains below to the period of the strains of the the strains of the period of the strains of the period of the strains below to the period of the strains below the period of the strains below the period of the strains below the period of the period o	Reclassification of unrealized loss to realized loss, included in net income							`	509		
replan 573 (155) (20,417) (20,	replan 573 (155) (20.417)  mg change  mg change  freed stock dividends for the period were \$14,351 och strands bankrupicy and the issuance of new senior notes ast upon emergence from bankrupicy with the issuance of new senior notes ats upon emergence from bankrupicy with the issuance of new senior notes ats upon emergence from bankrupicy att upon 8 197,727 \$ 3,150 \$ .	Minimum pension liability charge								(3,133)		(404 113)
terred stock dividends for the period ferred stock dividends for the period marken picy area is a supon emergence from bankruptcy stock warrants and by senior notes 38 750 9.886 107.525 13.050 107.000 \$197.727 \$3.150 \$3.150 \$5.25 \$13.050 \$10.000 \$197.727 \$3.150 \$5.25 \$13.050 \$10.000 \$197.727 \$3.150 \$5.25 \$13.050 \$10.000 \$197.727 \$3.150 \$5.25 \$13.050 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$197.727 \$3.150 \$5.25 \$5.25 \$10.000 \$5.25 \$10.000 \$5.25 \$5.25 \$10.000 \$5.25 \$5.25 \$10.000 \$5.25 \$5.25 \$10.0000 \$5.25 \$10.0000 \$5.25 \$10.0000 \$5.25 \$10.0000 \$5.25 \$10.0000 \$5.25 \$10.0000 \$5.25	re plan  (2) (155) (20,417)  (20,417)  (20,417)  (3,136)  (17,780 (182,380 (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (182,380) (192,380) (	Comprehensive loss										(496,115)
replan 573 (155)  regular change  rectange change  rectange states and dividends for the period  were \$14,351)  rectange bankruptey  on energence from bankruptey  rans held by senior northolders  rans held by preferred stockholders  stok warrans  10,000 \$ 197,727 \$ 3,150 \$ -	rans held by serior mergence from bankruptcy stay upon emergence from bankruptcy the issuance of new senior notes  10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ 5 (15,366)	Dividends on preferred shares						(20,417)				(20,417)
ring change  ring	ring change  ring	Common stock issuance (cancellation), net	9	(155)								(155)
terred stock dividends for the period  were \$14,351)   were \$14,351)   were \$14,351)  (8,325)   \$29,506  on emergence from bankruptcy  \$29,434   186,526   (12,200)  Trans the ld by senior noteholders  \$20 9,886  with the issuance of new senior notes  \$20 9,886  with the issuance of new senior notes  \$38 750   (635)  with the issuance of new senior notes  \$38 750   (13,200)  #4,670 \$ 19,7727 \$ 3,150 \$ -	terred stock dividends for the period  terral stock dividends for the period  to efform bankruptcy  on emergence from bankruptcy  arrants held by senior noteholders  rants	Shares issued through employee stock purchase plan	5/3	447								744
rate change  (2,754)  xes  ferred stock dividends for the period  were \$14,351)  ocform bankruptcy  remains held by senior noteholders  rate blad by subordinated noteholders  rate blad by subordinated noteholders  rate blad by subordinated noteholders  state blad by subordinated noteholders  rate blad by subordinated noteholders  state blad by subordinated noteholders  rate blad by subordinated noteholders  state blad state blad by subordinated noteholders  state blad state blad state blad state blad state blad state bla	retard stock dividends for the period  vere \$14,351)  ook  ferred stock dividends for the period  vere \$14,351)  ook  ferred stock dividends for the period  vere \$14,351)  ook  ferred stock dividends for the period  vere \$14,351)  ook  ferred stock dividends for the period  vere \$14,351)  ook  ferred stock dividends for the period  vere \$14,351)  ook  ferred stock dividends for the period  oon energence from bankrupicy  ranis held by senior noteholders  ranis held by senior not	Balance, December 31, 2002	17,780	l	<del>⇔</del>	22,874	<del>6</del> 5	(532,565)		5,366)	<del>∨</del>	(342,677)
ring change  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (2,757)  (2,757)  (2,757)  (2,757)  (2,757)  (2,885)  (2,886)  (1,2,200)  (6,889)  (1,2,200)  (1,2,	ring change  (2,754)  (2,754)  (2,754)  (2,754)  (2,754)  (3,757)  (8,325)  (9 over \$14,351)  (9 in analyzing treat stock dividends for the period  were \$14,351)  (9 in analyzing treat stock dividends for the period  were \$14,351)  (9 in analyzing treat stock dividends for the period  ransh sheld by senior moteholders  state upon emergence from bankruptcy  10,000  10,00	Comprehensive income						í				
Ferred stock dividends for the period were \$14,351   (3,157)   (8,325)   (1,000)   (	ferred stock dividends for the period were \$14,451) were \$14,451) were \$14,451) were \$14,451)  were \$14,451)  were \$14,451)  (c) cock ce from bankruptcy or mans held by senior noteholders rants held by senior noteholders teholders upon emergence from bankruptcy stepolders upon emergence from bankruptcy.  10,000 \$ 197,727 \$ 3,150 \$ -	Income before cumulative effect of accounting change						144,780				
ferred stock dividends for the period were \$14,31) ook were \$14,31) ook ferred stock dividends for the period were \$14,31) ook ferred stock dividends for the period were \$14,31) ook ferred stock dividends for the period rants held by senior moteholders rants held by senior moteholders rants held by subordinated noteholders rants held by subordinated noteholders rants held by subordinated noteholders rants held by preferred stockholders rants held by rants held by preferred stockholders rants held by rants held by preferred stockholders rants held by rants	ferred stock dividends for the period were \$14,351) ook were \$14,351) ook trans beld by senior noteholders rans held by senior noteholders rans held by subordinated noteholders rans held by preferred  200 9,886  100 9,886  100 9,886  100 100 100 100 100 100 100 100 100 10	Cumulative effect of accounting change						(2,754)				
ferred stock dividends for the period  work  work  fore \$14,351)  work  for from bankruptcy  nor emergence from bankruptcy  strains held by senior noteholders  for a possible from bankruptcy  strains held by subordinated noteholders  for helders upon emergence from bankruptcy  for helders upon emergence from bankruptcy  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by preferred stockholders  for helders upon emergence from bankruptcy,  strains held by subordinated noteholders  for helders upon emergence from bankruptcy,  strains held by subordinated noteholders  for helders upon emergence from bankruptcy,  strains held by subordinated noteholders  for helders upon emergence from bankruptcy,  strains held by subordinated noteholders  for helders upon emergence from bankruptcy,  strains held by subordinated noteholders  for helders upon emergence from bankruptcy,  strains held by subordinated noteholders  for helders upon emergence from bankruptcy,  strains helders upon emergence from bankruptcy,  strains h	ferred stock dividends for the period were \$14,351) cock were \$14,351) cock from bankruptcy coc from bankruptcy on emergence from bankruptcy on from bankruptcy on emergence from bankruptcy on from bankrup	Denvative gain, net of \$1,601 of deferred taxes								2,316		!
ferred stock dividends for the period were \$14,351)	ferred stock dividends for the period were \$14,351) (8,325) cock from bankruptcy on emergence from bankruptcy transh beld by senior noteholders ransh beld by subordinated noteholders ransh beld by subordinated noteholders ransh beld by preferred stockholders ransh beld by preferred stockholders ransh beld by preferred stockholders are shown senior notes as \$750\$  10,000 \$197,727 \$3,150 \$4,670 \$5  \$28,653 \$13,050 \$4,670 \$5  \$28,670 \$5  \$3,150 \$5  \$6  \$8  \$8  \$8  \$8  \$8  \$8  \$8  \$8  \$8	Comprehensive income										144,342
were \$14,351)     (3,757)     (8,325)     (10,000     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (182,380)     (192,000)     (11,200)     (12,200)     (12,200)     (12,200)     (12,200)     (12,200)     (12,200)     (12,200)     (13,200)     (1	were \$14,351)     (3,757)     (9,325)     (10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ 5.00 \$ 4,670 \$ 5.00 \$	Dividends on preferred shares (contractual preferred stock dividends for the period										í t
Cock	Cock	January 1, 2003 through September 9, 2003 were \$14,351)						(3,757)				(3.757)
tect from bankruptcy on emergence from bankruptcy on emergence from bankruptcy on emergence from bankruptcy on emergence from bankruptcy of 434 or first sheld by subordinated noteholders rants held by subordinated noteholders reals held by subordinated noteholders reals held by subordinated noteholders reals held by preferred stockholders rants held by preferred stockholders reals held by support stockholders reals he	toe from bankruptcy on emergence from bankruptcy of trans held by senior noteholders rants held by subordinated noteholders are upon emergence from bankruptcy of warrants of warrants with the issuance of new senior notes sts upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of new senior notes at upon emergence from bankruptcy, and the issuance of ingent and	Reorganization item – accretion of preferred stock						(8,325)				(8,325)
trants held by senior noteholders  Transheld by subordinated noteholders  Transheld by preferred from  \$00 9,886  Transheld by preferred stockholders  Transheld by	trants held by senior noteholders  Transheld by subordinated noteholders  Transheld by preferred stockholders  Etholders upon emergence from  Soo 9,886  Transheld by preferred stockholders  Etholders upon emergence from by preferred stockholders  So 9,886  Transheld by preferred stockholders  Etholders upon emergence of new senior notes  So 9,886  Transheld by preferred stockholders  Etholders upon emergence of new senior notes  So 9,886  Transheld by preferred stockholders  Etholders upon emergence from bankruptcy.  Transheld by preferred stockholders  So 110,000 \$ 197,727 \$ 3,150 \$ -	Cancellation of preferred shares upon emergence from bankruptcy						295,096				392,096
rrants held by senior noteholders rrants held by senior noteholders rrants held by subordinated noteholders rrants held by subordinated noteholders rrants held by preferred stockholders ck warrants with the issuance of new senior notes sts upon emergence from bankruptcy, sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ -	rrants held by senior noteholders  strants held by senior noteholders  rrants held by subordinated noteholders  rrants held by subordinated noteholders  rrants held by preferred stockholders  ck warrants  with the issuance of new senior notes  with settlement of deferred  28 565  sts upon emergence from bankruptcy,  10,000 \$ 197,727 \$ 3,150 \$ -	Cancellation of predecessor common stock upon emergence from bankruptcy	(17,780)	(182,380)								(182,380)
rrants held by subordinated noteholders rrants held by preferred stockholders ck warrants ck warrants rrants held by preferred stockholders  28 565 right he issuance of new senior notes ratio handruptcy.  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  4,670 \$ - \$ \$ 200	trants held by subordinated noteholders trants held by subordinated noteholders trants held by preferred stockholders trants held by preferred stockholders trants held by preferred stockholders the issuance of new senior notes with the issuance of new senior notes with settlement of deferred 28 565 sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ -	Cancellation of predecessor common stock warrants held by senior noteholders				(6883)						(0,009)
rrants held by subordinated noteholders teholders upon emergence from 500 9,886  trants held by preferred stockholders ck warrants ck warrants with the issuance of new senior notes 38 750 with the issuance of new senior notes 38 750 with settlement of deferred 28 565 sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200	rrants held by subordinated noteholders febolders upon emergence from 500 9,886  rrants held by preferred stockholders ck warrants with the issuance of new senior notes 38 750  with the issuance of new senior notes 38 750  with the issuance of new senior notes 38 750  injugo \$ 197,727 \$ 3,150 \$ - \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  4,670 \$ - \$ 205	Issuance of common stock to senior noteholders upon emergence from bankruptcy	9,434	186,526		(000						(12,200)
crants held by preferred stockholders  ck warrants ck warrants  ck warrants  ck warrants  with the issuance of new senior notes  with the issuance of new senior notes  with settlement of deferred  28 565  sts upon emergence from bankruptcy,  sts upon emergence from bankruptcy,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  4,670 \$ - \$ \$ 205	rrants held by preferred stockholders ck warrants 28 750 28 563 sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  4,670 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200	Cancellation of predecessor common stock warrants held by subordinated noteholders				(12,200)						(12,200)
ck warrants 38 750  28 565  sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  4,670 \$ - \$ 205	ck warrants 150 (635)  ck warrants 28 750 (635)  with the issuance of new senior notes 38 750 120  sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  4,670 \$ - \$ 505	Issuance of common stock to subordinated noteholders upon emergence from	9	988 0								9886
ck warrants with the issuance of new senior notes 38 750  28 565  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200  4,670 \$ - \$ \$ 205	ck warrants of new senior notes 38 750 (635)  ck warrants of deferred 28 565  with the issuance of new senior notes 38 750 1200  sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200  10,000 \$ 197,727 \$ 3,150 \$ - \$ - \$ 200  4,670 \$ - \$ 5,205	Dancellation of gradecessor common stock warrants hald by preferred stockholders	3	2,000								
with the issuance of new senior notes       38       750         with settlement of deferred       28       565         sts upon emergence from bankruptcy,       10,000       \$ 197,727       \$ 3,150       \$ -       \$ 200,         10,000       \$ 197,727       \$ 3,150       \$ -       \$ 200,         10,000       \$ 197,727       \$ 3,150       \$ -       \$ 205,	sts upon emergence from bankruptcy,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 200,	and concurring issuance of new common stock warrants				(635)						(635)
sts upon emergence from bankruptcy.  10,000 \$ 197,727 \$ 3,150 \$ - \$ 13,050   120, 120, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200, 120, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 205, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 205, 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ \$ 205, 10,000 \$ 197,727 \$ 1,000 \$ 1	sts upon emergence from bankruptcy.  10,000 \$ 197,727 \$ 3,150 \$ - \$ 13,050   120,	Issuance of new common stock in connection with the issuance of new senior notes	38	750								750
28 565 sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 200, 10,000 \$ 197,727 \$ 3,150 \$ - \$ \$ 206,	28 565 sts upon emergence from bankruptcy, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 200, 10,000 \$ 197,727 \$ 3,150 \$ - \$ 4,670  4,670 \$ - \$ 205,	Issuance of new common stock in connection with settlement of deferred										373
sts upon emergence from bankruptcy,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 20  10,000 \$ 197,727 \$ 3,150 \$ - \$ 20  4,670  10,000 \$ 197,727 \$ 3,150 \$ 4,670  20	sts upon emergence from bankruptcy,  10,000 \$ 197,727 \$ 3,150 \$ - \$ 20  10,000 \$ 197,727 \$ 3,150 \$ - \$ 20  4,670  10,000 \$ 197,727 \$ 3,150 \$ - \$ 20	compensation obligation	78	565								, coc
10,000 \$ 197,727 \$ 3,150 \$ - 10,523 \$ 15,000 \$ 197,727 \$ 3,150 \$ - \$ 20    4,670 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	10,000 \$ 197,727 \$ 3,150 \$ - 10,523 \$ 1,500 \$ 20 10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 \$ - \$ 20	Cancellation of other predecessor equity interests upon emergence from bankruptcy,						404 504	-	2.050		120 575
10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 \$ - \$ 20	10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 \$ - \$ 20	net of \$6,183 of deferred taxes		ı				575,101		000,0	6	200000
10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	Balance, September 9, 2003	10,000	- 1	₩	3,150	٠,		S	,	٨	7/9/007
10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	10,000 \$ 197,727 \$ 3,150 \$ - \$ 20 4,670 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	Reorganized Company										
4,670 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	4,670 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	Balance, September 10, 2003	10,000		<del>69</del>	3,150	<del>69</del>		<del>69</del>		<b>9</b>	7/8/07
4,670 10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$ - \$ 20	Comprehensive income:										. 029 8
10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$	10,000 \$ 197,727 \$ 3,150 \$ 4,670 \$	Net income						4,6/0	6		6	205 547
	Can Maton in Pannally data Buranal Centennant	Balance, December 31, 2003	10,000	\$ 197,727	٠	3,150	,	4,6/0	P		٩	40000

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NTELOS Inc. Unaudited Pro Forma Condensed Consolidated Balance Sheet US\$ in 000's As of December 31, 2004

	NTELOS Historical	Pro Forma Adjustments (a)	Pro Forma As Adjusted	Pro Forma Adjustments (a)	Pro Forma As Adjusted
Assets					
Current assets	• • • • • • • • • • • • • • • • • • • •				
Cash and cash equivalents	\$ 34,252	\$ (6,516)	\$ 27,736	\$ (12,000)	\$ 15,736
Accounts receivable, net	28.998		28,998		28,998
Other receivables	3,639		3,639		3,639
Inventories, materials and supplies	3,200		3,200		3,200
Prepaid expenses and other	4,984		4,984		4,984
Total current assets	75,073	(6,516)	68,557	(12,000)	56,557
Restricted investments	7,557	(7,557)		•	_
Other securities and investments	115		115		115
Property and equipment, net	359,966		359,966		359,966
Other assets					
Goodwill	22,060		22,060	266,540	288,600
Radio spectrum licenses	40,182		40,182	•	40,182
Other	104,068	13,921	117,989	-	117,989
Total other assets	166,310	13,921	180,231	266,540	446,771
Total assets	\$ 609,021	\$ (152)	\$ 608,869	\$ 254,540	\$ 863,409
Liabilities and Shareholders' Equity Current liabilities					
Current portion of long-term debt	\$ 9.761	\$ (5,028)	4,733	\$ -	4,733
Deferred liabilities- interest rate swap	5,045	(5,045)	4,100	•	4,/33
Accounts payable	23,156	(5,545)	23,156	•	23,156
Other accrued liabilities	32,738	(483)	32,255		32,255
Total current liabilities	70,700	(10,556)	60,144	-	60,144
Long-term debt	170,355	451,483	621,838	-	621,838
Long-term liabilities					1
Deferred income taxes	_		_		1
Retirement benefits	30,833		30.833		20,000
Other	17,854		17,854		30,833
Total long-term liabilities	48,687	•	48,687		17,854
Minority interests	402		402		402
Shareholders' equity	318,877	(441,079)	(122,202)	254,540	132,338
Total liabilities and shareholders' equity	\$ 609,021	\$ (152)	\$ 608,869	\$ 254,540	\$ 863,409

# Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet (dollars in thousands)

The pro forma financial data have been derived by the application of pro forma adjustments to the Company's historical financial statements as of the date noted

(a) Pro forma Recapitalization adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet are summanzed in the following table (dollars in thousands) and are described in the notes that follow

; ;	Financing (1)	Transaction Fees and Expenses (2)	Existing Debt Repayment (3)	Distribution (4)	Total Net Recapitalization Adjustments
Cash and cash equivalents Restricted investments Debt issuance costs Current portion of long-term debt Deferred liabilities- interest rate swap Other accrued liabilities Long-term debt Shareholders' equity	625,000 - 4,000 - 621,000	\$ (15,000) \$ 14,250 (750)	(176,516) \$ (7,557) (329) (5,045) (483) (169,517) (329)	(440,000) \$ (440,000)	(6,516) (7,557) 13,921 (5,028) (5,045) (483) 451,483 (441,079)

Pro forma Merger adjustments to the Unaudited Pro Forma Condensed Consolidated Balance Sheet are summarized in the following table (dollars in thousands) and are described in the notes that follow

!	saction Fees Expenses (2)	Asset Revaluation (5)	 Total Merger Adjustments
Cash and cash equivalents	\$ (12,000) \$	-	\$ (12,000)
Goodwill		266,540	\$ 266,540
Shareholders' equity	(12,000)	266,540	\$ 254,540

# **DATA REQUEST NO. 1**

2. Provide the most current audited financial statements for NA Communications Inc. and projected balance sheet of NA Communications, Inc. at the consummation of the transfer of control and after issuance of debt.

## Response:

NA Communications is not subject to an annual audit. The unaudited balance sheet and income statement of NA Communications as of and for the years ended December 31, 2004 and 2003 are enclosed. NTELOS does not believe that the balance sheet of NA Communications will be materially affected by the debt that has been issued by NTELOS or the consummation of the transfer of control.

# CONFIDENTIAL

# **NA Communications**

BALANCE SHEET
As of December 31

(Unaudited)		
<u> </u>	<u>2003</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$0	\$0
Accounts Receivable	62,657	43,261
Due from / (to) NTELOS Inc	2,246,772	1,895,360
Prepaid	29,263	28,464
Current Assets	2,338,691	1,967,085
PROPERTY & EQUIPMENT:		
Plant in Service	681,500	681,500
Plant Under Construction	0	0
Accumulated Depreciation	(23,521)	(104,166)
Property & Equipment	657,979	577,334
		·
Intangible Assets net of accumulated amortization	663,298	641,431
TOTAL ASSETS	\$3,659,968	\$3,185,850
TOTAL AGGLIG	Ψ3,033,900	Ψ3, 163,630
LIABILITIES & OWNERS EQUITY		
CURRENT LIABILITIES:		
CURRENT LIABILITIES: Accounts Payable	\$396,069	\$74,794
CURRENT LIABILITIES: Accounts Payable Advance payments	\$396,069 3,256	\$74,794 8,286
Accounts Payable Advance payments	3,256	8,286
Accounts Payable	•	•
Accounts Payable Advance payments	3,256	8,286
Accounts Payable Advance payments  TOTAL LIABILITIES  Deferred Income Taxes	3,256 399,325	8,286 83,080
Accounts Payable Advance payments  TOTAL LIABILITIES  Deferred Income Taxes  OWNERS EQUITY:	3,256 399,325 231,547	8,286 83,080 224,584
Accounts Payable Advance payments  TOTAL LIABILITIES  Deferred Income Taxes  OWNERS EQUITY: Common Stock	3,256 399,325 231,547 1,000	8,286 83,080 224,584 1,000
Accounts Payable Advance payments  TOTAL LIABILITIES  Deferred Income Taxes  OWNERS EQUITY:	3,256 399,325 231,547	8,286 83,080 224,584
Accounts Payable Advance payments  TOTAL LIABILITIES  Deferred Income Taxes  OWNERS EQUITY: Common Stock Paid in Capital	3,256 399,325 231,547 1,000 3,092,152	8,286 83,080 224,584 1,000 3,092,152 (214,966)
Accounts Payable Advance payments  TOTAL LIABILITIES  Deferred Income Taxes  OWNERS EQUITY: Common Stock Paid in Capital Retained Earnings	3,256 399,325 231,547 1,000 3,092,152 (64,055)	8,286 83,080 224,584 1,000 3,092,152

# CONFIDENTIAL

# **NA Communications**

INCOME STATEMENT
For the Period Ended December 31
(Unaudited)

	<u>2003</u>	2004
OPERATING REVENUES:	\$1,534,065	\$1,035,140
OPERATING EXPENSES		
Plant Specific	1,294,230	872,876
Depreciation	125,846	124,576
Customer Operations	89,089	122,606
Corporate Operations	73,789	82,338
Other Taxes	11,825	10,954
TOTAL OPERATING EXPENSES	1,594,780	1,213,350
NET OPERATING INCOME / (LOSS)	(60,715)	(178,210)
OTHER INCOME / EXPENSE Interest Income/(Expense)	97,882	27,300
INCOME TAX EXPENSE	22	0
NET INCOME/(LOSS)	\$37,145	(\$150,910)

# **DATA REQUEST NO. 1**

3. Confirm that NA Communications will continue to operate under its current CCN in Tennessee and under its current name.

# **Response:**

NA Communications will continue to operate under its current name and current CCN.

## **DATA REQUEST NO. 1**

4. Will all rates, terms of services, and locations for customer contact remain in place as a result of this transaction? Will the management of NA Communications remain essentially intact with the same management policies and procedures?

# **Response:**

There will be no changes to the rates, terms and conditions of service and location for customer contact of NA Communications as a result of this transaction. Similarly, the management policies and procedures will not change as a result of the transaction.

### **DATA REQUEST NO. 1**

5. Confirm that this is actually two transactions. (1) this is a transfer of control and ultimate authority under Tenn. Code Ann. 65-4-113 and (2) a refinancing and issuance of stock in order to purchase NTELOS by Project Holdings Corp which is regulated by Tenn Code Ann. 65-4-109. How will this debt impact NA Communications?

#### **Response:**

Project Holdings will acquire control, through a merger transaction as described in the Joint Petition, over NTELOS directly and NA Communications indirectly. The Joint Petitioners have applied to the Authority under Tenn. Code Ann. 65-4-113 for approval of this transaction. NA Communications, the "public utility" in Tennessee will not, however, issue any "stocks, stock certificates, bonds, debentures, or other evidence of indebtedness." Accordingly, it is NTELOS' belief that authority pursuant to Tenn. Code Ann. 65-4-109 is not required. The issuance of debt by NTELOS will not materially impact the operations or the financial results of NA Communications, and the post-merger debt of NTELOS will not be passed down to NA Communications.

# **DATA REQUEST NO. 1**

6. Is the \$5 million dollars of debt prepayment mentioned on page 6 of the purchase agreement the only debt expected to be paid off immediately after the merger and as a result of the merger?

### **Response:**

The merger agreement did require that a \$5 million debt prepayment be made as soon as practicable following execution of the merger agreement. In addition, as part of the overall recapitalization, all of NTELOS' pre-existing funded debt (excluding capitalized leases) was repaid as of February 24, 2005 out of the proceeds from NTELOS' new credit facilities. The merger agreement does not require any prepayments to be made on NTELOS' new credit facilities immediately after and as a result of the merger.

# **DATA REQUEST NO. 1**

7. How much new debt will NTELOS have on its books after the merger is completed? How will the debt structure and/or interest expense affect the possibility of rate increases in the near future for NA Communications? Will any of the new debt and/or interest expense, if any, be allocated to NA Communications, Inc.'s books?

#### **Response:**

Please see the Response to Question 1. This NTELOS debt will not materially impact the operations or financial results of NA Communications, and will not cause NA Communications to raise its rates.